

Message Text

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C O N F I D E N T I A L HONG KONG 14868

E.O. 11652: GDS

TAGS: PFOR VN

SUBJECT: INDOCHINA WATCHING FROM HONG KONG

SUMMARY. AFTER SEVERAL MONTHS' EXPERIENCE IN INDOCHINA WATCHING, THE PATTERN OF OUR REPORTING HAS BEEN SUFFICIENTLY ESTABLISHED TO ALLOW FOR SOME ASSESSMENT OF OUR OPERATION AND OF THE POST'S POTENTIAL TO SERVE AS AN INDOCHINA LISTENING POST. ON THE WHOLE, INDOCHINA WATCHING HAS BEEN FRUITFUL; HONG KONG WITH ITS IMPORTANT REGIONAL TRADE, FINANCE, AND COMMUNICATIONS CENTERS HAS PROVIDED FREQUENT OPPORTUNITIES FOR ANALYZING DEVELOPMENTS IN VIET NAM AND CAMBODIA. AS ECONOMIC CONDITIONS IN THOSE COUNTRIES NORMALIZE, WE ANTICIPATE A GREATER FLOW OF INFORMATION, ESPECIALLY IN THE COMMERCIAL SPHERE. WITH INCREASED EXPERIENCE, WE HOPE TO PARTICIPATE MORE IN THE ANALYSIS OF DEVELOPMENTS IN THE INDOCHINA AREA, BUT IN GENERAL WE WILL CONTINUE TO FOCUS OUR REPORTING ON INFORMATION DEVELOPED LOCALLY. END SUMMARY

1. VIET NAM - IN OUR COVERAGE OF GENERAL CONDITIONS IN VIETNAM, WE HAVE OBTAINED INFORMATION FROM REFUGEES WHO
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RECENTLY DEPARTED SAIGON ON THE FRENCH AIR LIFTSNS WELL

AS FROM VIETNAMESE WHO REACHED HONG KONG DIRECTLY BY SEA. SEVERAL PERSONS, WHOSE ACCOUNTS WE HAVE REPORTED, WERE MET THROUGH CONTACTS IN THE LOCAL VIETNAMESE COMMUNITY. THE HONG KONG IMMIGRATION SERVICE ARRANGED ONE MEETING WITH A GROUP OF CHOLON CHINESE WHO PROVIDED US WITH THE STORY OF THEIR ESCAPE BY FISHING JUNK FROM DANANG. RECENT ARRIVALS FROM VIET-NAM HAVE ALSO BEEN LOCATED WHEN THEY APPLIED FOR VISAS AT THE CONGEN. OUR REPORT ON THE PAPER INDUSTRY WAS DEVELOPED THROUGH A BUSINESSMAN FOUND IN THIS MANNER. OTHER USEFUL SOURCES ON CURRENT CONDITIONS HAVE BEEN JOURNALISTS AND NEWSMEN TRAVELING THROUGH THE AREA. REPORTS ON POLITICAL DEVELOPMENTS HAVE BEEN OBTAINED FROM BOTH THE LOCAL DIPLOMATIC AND PRESS COMMUNITY AND DIPLOMATS AND JOURNALISTS VISITING FROM HANOI OR PEKING. THE HONG KONG GOVERNMENT AND FRIENDLY CONSULATES HAVE BECOME AWARE OF OUR INDOCHINA EFFORTS HERE AND HAVE BOTH CONSULTED WITH US ON DEVELOPMENTS IN INDOCHINA AND PROVIDED US WITH REPORTS ON THE AREA.

3. CAMBODIA--INFORMATION COMING OUT OF CAMBODIA HAS BEEN RELATIVELY SCARCE COMPARED TO THAT FROM VIETNAM. SOME CAMBODIANS FROM PEKING HAVE PASSED THROUGH HONG KONG AND THERE IS A SMALL CAMBODIAN COMMUNITY IN MACAO, WHICH MIGHT ESTABLISH SOME FORM OF CONTACT WITH THEIR FORMER HOMELAND AND PROVIDE SOME INSIGHT ON EVENTS THERE. FOR THE PRESENT OUR MAIN SOURCES OF INFORMATION ON CAMBODIA ARE DIPLOMATS AND JOURNALISTS WORKING IN INDOCHINA AND PEKING.

4. METHODOLOGY AND PROSPECTS FOR THE FUTURE--THE RETURN OF PEACETIME CONDITIONS TO INDOCHINA CAN BE EXPECTED TO BRING INCREASED OPPORTUNITIES FOR INDOCHINA WATCHING IN HONG KONG. AS VIETNAM CONCENTRATES ITS EFFORTS ON RECONSTRUCTION AND ECONOMIC DEVELOPMENT AND CAMBODIA BEGINS TO RECOVER FROM ITS SELF-ISOLATION, HONG KONG WILL IN TIME EMERGE AS A MAJOR TRADING LINK BETWEEN THESE COUNTRIES AND THE WEST. MANY WESTERN FIRMS MAINTAIN THEIR ASIAN REGIONAL OFFICES HERE AND WESTERN BANKS IN HONG KONG ARE ACCUSTOMED TO PROVIDING SERVICES THROUGH-

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OUT THE REGION. THE DRV CAN BE EXPECTED TO TAKE ADVANTAGE OF THE PROXIMITY OF THESE REGIONAL HEADQUARTERS IN EXPANDING THEIR COMMERCE. HONG KONG SHIPPING AGENTS, WHO HAVE HAD EXTENSIVE EXPERIENCE IN ARRANGING SEA TRANSPORT BETWEEN WESTERN AND ASIAN COMMUNIST COUNTRIES, WILL CERTAINLY HANDLE A LARGE PORTION OF THE INDOCHINA TRADE. CONSIDERABLE TRANSSHIPPING WILL DEVELOP AS GOODS ARE ROUTED OFF MAJOR SHIPPING LINES TO LOCAL SHIPPERS WHO

ARE PREPARED TO ESTABLISH FIXED SERVICES TO INDOCHINA. VIETNAMESE SHIP TRAFFIC IN VICTORIA HARBOR IS ALREADY ON THE UPSWING AND IS A POTENTIAL FOR TRADE AND INDUSTRIAL TRENDS. HONG KONG SHIPPERS HAVE RECEIVED PERMISSION TO CALL ON VIETNAMESE PORTS IN THE SOUTH. WHEN SUFFICIENT CARGOES ARE ACCUMULATED FOR A VIABLE TRADE BETWEEN HONG KONG AND VIETNAM (AND LATER CAMBODIA), THESE COMPANIES MAY ALSO BE A CHANNEL FOR GAINING KNOWLEDGE OF THE AREA. DURING THIS CURRENT PERIOD OF ADJUSTMENT THE NUMBER OF INDOCHINA REFUGEES AND ESCAPEES CAN BE EXPECTED TO DECREASE. WITH THE SHRINKING OF THESE SOURCES OF INFORMATION, HOWEVER, WE WILL SEE AN INCREASE OF TOURIST AND BUSINESS CONTACTS. (THERE ARE ALREADY AT LEAST TWO TOURIST AGENTS AND THREE BANKS IN HONG KONG THAT HAVE BUSINESS ARRANGEMENTS WITH ORGANIZATIONS IN HANOI.)

5. BOTH SOUTH VIETNAM AND CAMBODIA MAINTAINED A CONSULATE IN HONG KONG PRIOR TO THE COMMUNIST VICTORIES AND BOTH COUNTRIES CAN BE EXPECTED TO ATTEMPT TO REESTABLISH THEMSELVES HERE AGAIN. (VIETNAMESE PROBES TOWARDS THIS GOAL HAVE, TO DATE, RECEIVED NO ENCOURAGEMENT FROM THE HONG KONG GOVERNMENT BUT THEIR EFFORTS ARE EXPECTED TO BE RENEWED AFTER REUNIFICATION. THE HKG CONTINUES TO HOLD CAMBODIAN CONSULATE ASSETS FOR GRUNK.) COMMUNICATIONS WITH VIETNAM HAVE IMPROVED RECENTLY, AND INFORMATION FROM LOCAL RECIPIENTS OF VIETNAMESE MAIL AND CABLES IS INCREASING ACCORDINGLY.

6. WE HAVE BEEN ABLE, TO A LIMITED EXTENT, TO CAPITALIZE ON VISITS TO HONG KONG OF DIPLOMATS IN PEKING WHO ARE ACCREDITED TO HANOI. WITH USLO ASSISTANCE IN NOTIFYING US OF ANY INTENDED VISITORS TO HANOI OR SAIGON WHO
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ARE RETURNING VIA HONG KONG, THIS SOURCE CAN BE EXPANDED AND WILL GROW AS MORE COUNTRIES EXCHANGE ENVOYS WITH HANOI AND PHNOM PENH.

7. SPECIFIC PROJECTS THAT WE HOPE TO TACKLE IN THE NEXT SIX MONTHS INCLUDE VIETNAMESE ACTIVITIES IN MONETARY AND FISCAL AFFAIRS AND FOREIGN TRADE RELATIONS. ON THE FINANCIAL SIDE WE WILL TRY TO EXAMINE THE DEVELOPMENT OF THE NEW BANKING SYSTEM IN VIETNAM FOLLOWING THE COMMUNIST TAKEOVER IN THE SOUTH AND THE CONSOLIDATION OF VIETNAM'S FINANCIAL SYSTEM. IN FOREIGN TRADE WE WILL TRY TO DETERMINE KINDS, QUANTITIES AND VALUES OF VIETNAMESE IMPORTS AND EXPORTS WITH SPECIAL EMPHASIS ON FUEL, FERTILIZER, AND INDUSTRIAL GOODS.

8. WE WILL CONTINUE TO FOLLOW FBIS BROADCAST REPORTS AS A WEATHER VANE FOR THE SHIFTS OF THE INDOCHINA POLITICAL WINDS AS WELL AS A SOURCE FOR PERSONNEL CHANGES AND BIOGRAPHIC INFORMATION. WHERE POSSIBLE WE WILL ATTEMPT TO RELATE INFORMATION DEVELOPED THROUGH FBIS AND OTHER OFFICIAL SOURCES WITH MATERIAL DEVELOPED LOCALLY. (FOR EXAMPLE IN THE CASE OF VIETNAMESE EXPORTS WE WILL ATTEMPT TO CORRELATE HANOI BROADCAST STATEMENTS WITH VIETNAMESE COMMERCIAL ACTIVITIES IN HONG KONG.) WITH THE DEVELOPMENT OF BIOGRAPHIC MATERIALS AND OTHER BACKGROUND FILES, WE LOOK FORWARD TO CONTRIBUTING MORE COMMENT ON INDOCHINA DEVELOPMENTS. OUR MAIN FOCUS, HOWEVER, WILL CONTINUE TO BE ON INFORMATION DEVELOPED IN HONG KONG.

9. AS INDICATED (HONG KONG 14757), CHARLES LAHIGUERA PLANS TO TRAVEL TO BANGKOK AND VIENTIANE BEGINNING DECEMBER 19, AND HE HOPES TO DISCUSS FURTHER COORDINATION OF INDOCHINA REPORTING WITH EMBASSY OFFICERS AT THOSE TWO POSTS.
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